

2011 Property Tax Report

Tipton County

with Comparisons to Prior Years



Legislative Services Agency

September 2011

This report describes property tax changes in Tipton County between 2010 and 2011, with comparison to changes since 2007. In 2011, the changes from the big tax reform of 2008 were fully phased in with the elimination of the last of the state homestead credits. The 2009 recession affected assessments and local tax credits in many counties. Changes in local levies and assessments also were important in many counties.

Comparable Homestead Property Tax Changes in Tipton County

The average homeowner saw a 4.9% tax bill increase from 2010 to 2011.
Homestead taxes in 2011 were still 26.7% lower than they were in 2007, before the property tax reforms.
84.8% of homeowners saw lower tax bills in 2011 than in 2007.
45.7% of homeowners saw tax increases of between 1% and 19% from 2010 to 2011.
The largest percentage of homeowners have seen between a 20% and 39% decrease in their tax bills from 2007 to 2011.

	2010 to 2011		2007 to 2011	
	Number of Homesteads	% Share of Total	Number of Homesteads	% Share of Total
Summary Change in Tax Bill				
Higher Tax Bill	3,261	62.0%	771	14.6%
No Change	445	8.5%	29	0.6%
Lower Tax Bill	1,557	29.6%	4,463	84.8%
Average Change in Tax Bill	4.9%		-26.7%	
Detailed Change in Tax Bill				
20% or More	855	16.2%	537	10.2%
10% to 19%	1,633	31.0%	55	1.0%
1% to 9%	773	14.7%	179	3.4%
0%	445	8.5%	29	0.6%
-1% to -9%	1,223	23.2%	329	6.3%
-10% to -19%	209	4.0%	690	13.1%
-20% to -29%	52	1.0%	1,652	31.4%
-30% to -39%	18	0.3%	978	18.6%
-40% to -49%	12	0.2%	394	7.5%
-50% to -59%	17	0.3%	106	2.0%
-60% to -69%	9	0.2%	87	1.7%
-70% to -79%	2	0.0%	59	1.1%
-80% to -89%	2	0.0%	43	0.8%
-90% to -99%	1	0.0%	37	0.7%
-100%	12	0.2%	88	1.7%
Total	5,263	100.0%	5,263	100.0%

Note: Percentages may not total due to rounding.

★★★★★
 LOSS OF STATE HOMESTEAD
 CREDIT AND HIGHER TAX
 RATES RAISED HOMEOWNER
 TAX BILLS, BUT TAX CAPS
 KEPT THE INCREASE FROM
 BEING BIGGER
 ★★★★★

Homestead Property Taxes

Homestead property taxes increased 4.9% on average in Tipton County in 2011. This was near the state average of 4.4%. Tipton County homestead taxes were still 26.7% lower in 2011 than they were in 2007, before the big tax reform. The homestead tax increase in 2011 was partly due to the phaseout of the state homestead credit in 2011. The state homestead credit was 4.5% in Tipton County in 2010. Tax rates increased on average in Tipton County in 2011, which contributed to the homestead tax rise. In addition, Tipton County's local homestead credit declined slightly in 2011, due to a drop in the local income tax revenues that fund it. Homestead tax bill increases were held down by the property tax caps. In 2011, 15.8% of Tipton homeowners were eligible for cap credits; in 2010 the percentage was 9.7%.

Tax Rates

Property tax rates increased in about half of Tipton County tax districts. The average tax rate rose by 2.8% because of a decline in certified net assessed value coupled with an increase in the levy. Levies in Tipton County increased by 1.4%. The biggest levy increases were in the Tipton Community Schools bus replacement and debt service funds and the Tipton City general fund. The biggest levy reductions were in the Tri-Central Community Schools bus replacement and debt service funds. Tipton County's total net assessed value increased 5.8% in 2011. (The certified net AV used to compute tax rates declined by 1.3%.) Homestead assessments decreased by 1.7%, and agricultural net assessments increased by 2.3%. Other residential assessments showed a small decrease at 0.7%, while business net assessments increased by 19.9%.

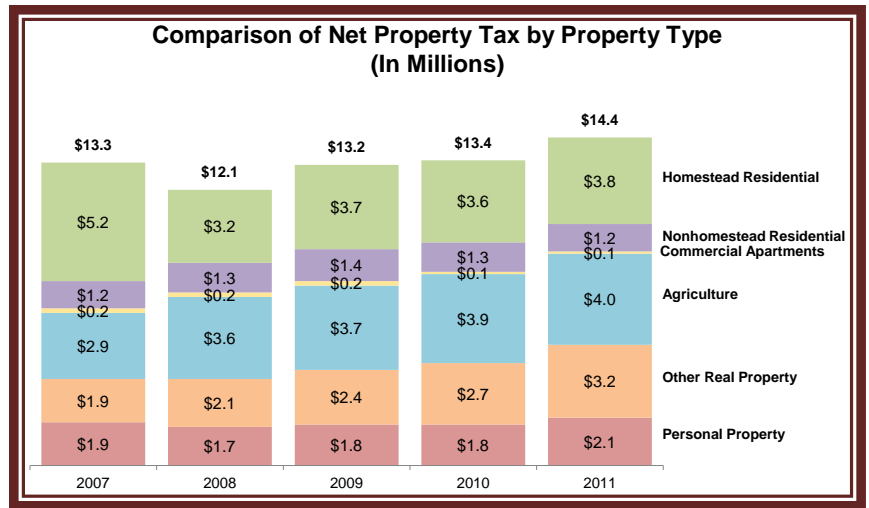
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*TAX INCREASES FOR BUSINESS AND
AGRICULTURE; TAX DECREASES FOR OTHER
RESIDENTIAL AND APARTMENTS*

★★★★★★

Net Tax Bill Changes - All Property Types

Net tax bills for all taxpayers rose 8.0% in Tipton County in 2011, more than the statewide increase of 2.8%. Other residential property, which includes smaller rentals and second homes, saw net tax bills decrease by 2.8%. Tax bills for commercial apartments fell 3.0%. Business tax bills - which include commercial, industrial and utility buildings, land and equipment - increased by 17.4 %, mainly because of assessment increases. Agricultural tax bills rose 3.0%. This was partly due to the 3.2% increase in the base rate assessment of farm land, from \$1,250 to \$1,290 per acre for taxes in 2011.



Tax Cap Credits

Property taxes are capped at 1% of gross assessed value for homesteads, 2% for other residential property (including rental housing and second homes) and farmland, and 3% for business land, buildings, and equipment. Taxpayers receive credits when their tax bills exceed the caps. Credits are revenue lost to local governments.

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*TAX CAP CREDITS
INCREASED IN 2011*

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Total tax cap credit losses in Tipton County were \$808,195, or 5.2% of the levy. This was less than the state average loss rate of 9.2%, but more than the median value of 3.8% among all counties. Tax rates are the main determinant of tax cap credits, and Tipton County had two tax districts with rates above \$3 per \$100 assessed value.

More than half of the total tax cap credits were in the 2% nonhomestead/farmland category. The largest percentage losses were in the cities of Elwood and Tipton and the town of Kempton. The largest dollar losses were in the city of Tipton, the Tipton Community School Corporation, and the county unit.

Tipton County Tax Cap Credits	1%	2%	3%	Elderly	Total	% of Levy
2010 Tax Cap Credits	\$46,099	\$339,718	\$215	\$15,068	\$401,099	2.7%
2011 Tax Cap Credits	133,231	476,065	167,175	31,724	808,195	5.2%
Change	\$87,133	\$136,348	\$166,960	\$16,656	\$407,096	2.5%

Tax cap credits increased in Tipton County in 2011 by \$407,096, or 101%. The additional credits

represent an added loss of 2.5% of the total tax levy. Tax cap credits increased in all cap categories, mostly because of large tax rate increases in the Tipton City and Elwood tax districts. In the Tipton City district, the rate moved above \$3; in the Elwood district, the rate moved to well above \$3. The elimination of the state homestead credit added to the 1% tax cap credit increase.

The Effect of Recession

The 2009 recession had a mixed effect on Tipton County assessments for pay-2011. Homestead and other residential property values and construction activity appear to have fallen in Tipton County in 2009, but increases in business values and agricultural assessments more than offset this decline. In addition, net assessed value grew faster than gross assessed value, because of a decline in business deductions. The growth in net assessed value kept the tax rate increase from being larger and prevented additional growth in tax cap credit losses.

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*2009 RECESSION HAD MIXED EFFECTS
ON ASSESSMENTS IN 2011*

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Property Type	Gross AV 2010	Gross AV 2011	Gross AV Change	Net AV 2010	Net AV 2011	Net AV Change
Homesteads	\$617,379,500	\$613,317,000	-0.7%	\$261,979,503	\$257,422,293	-1.7%
Other Residential	48,844,000	48,509,400	-0.7%	47,770,771	47,431,871	-0.7%
Ag Business/Land	261,629,600	267,644,000	2.3%	260,873,668	266,974,432	2.3%
Business Real/Personal	314,319,770	329,391,970	4.8%	225,197,012	270,119,545	19.9%
Total	\$1,242,172,870	\$1,258,862,370	1.3%	\$795,820,954	\$841,948,141	5.8%

Net AV equals Gross AV less deductions and exemptions • Tax rates are calculated on Net AV • Circuit breaker tax caps are calculated on Gross AV

Tipton County Levy Comparison by Taxing Unit

Taxing Unit	2007	2008	2009	2010	2011	% Change			
						2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011
<i>County Total</i>	18,762,104	19,830,120	13,912,529	14,367,815	14,574,588	5.7%	-29.8%	3.3%	1.4%
State Unit	19,404	20,429	0	0	0	5.3%	-100.0%		
Tipton County	2,975,263	3,419,263	3,045,729	3,121,045	3,272,619	14.9%	-10.9%	2.5%	4.9%
Cicero Township	235,811	243,664	245,534	248,431	252,640	3.3%	0.8%	1.2%	1.7%
Jefferson Township	48,772	50,915	50,894	51,797	53,315	4.4%	0.0%	1.8%	2.9%
Liberty Township	62,891	65,890	63,999	65,099	65,770	4.8%	-2.9%	1.7%	1.0%
Madison Township	92,354	96,794	101,083	103,038	106,336	4.8%	4.4%	1.9%	3.2%
Prairie Township	12,749	13,359	13,889	14,175	14,401	4.8%	4.0%	2.1%	1.6%
Wildcat Township	114,762	114,702	114,523	118,042	110,309	-0.1%	-0.2%	3.1%	-6.6%
Elwood Civil City	12,992	13,683	12,878	12,991	14,525	5.3%	-5.9%	0.9%	11.8%
Tipton Civil City	2,616,485	2,610,040	2,747,794	2,781,448	2,864,521	-0.2%	5.3%	1.2%	3.0%
Kempton Civil Town	59,170	62,653	63,988	65,627	66,694	5.9%	2.1%	2.6%	1.6%
Sharpsville Civil Town	122,339	129,493	132,718	135,894	141,373	5.8%	2.5%	2.4%	4.0%
Windfall Civil Town	138,360	139,661	153,542	153,015	155,806	0.9%	9.9%	-0.3%	1.8%
Northern Community Schools Tipton County	3,961,945	4,211,101	2,196,965	2,666,154	2,424,818	6.3%	-47.8%	21.4%	-9.1%
Tipton Community School Corp	7,469,802	7,764,292	4,081,127	3,957,072	4,096,205	3.9%	-47.4%	-3.0%	3.5%
Tipton County Public Library	715,518	766,079	775,564	759,237	815,829	7.1%	1.2%	-2.1%	7.5%
Tipton County Solid Waste Mgt Dist	103,487	108,102	112,302	114,750	119,427	4.5%	3.9%	2.2%	4.1%

Tipton County 2011 Tax Rates, Credit Rates, and Net Tax Rates for Homesteads by Taxing District

Taxing District	Tax Rate	LOIT PTRC	Credit Rates					Net Tax Rate, Homesteads
			COIT Homestead	CEDIT Homestead	CEDIT Residential	LOIT Homestead	LOIT Residential	
Cicero Township	1.4562	--	--	5.1750%	--	--	--	1.3808
Tipton City	3.2305	--	--	9.1219%	--	--	--	2.9358
Jefferson Township	1.4063	--	--	4.7783%	--	--	--	1.3391
Kempton Town	2.5171	--	--	1.2906%	--	--	--	2.4846
Liberty Township	1.5441	--	--	2.7916%	--	--	--	1.5010
Sharpsville Town	2.4070	--	--	0.4122%	--	--	--	2.3971
Madison Township	1.4637	--	--	4.2802%	--	--	--	1.4011
Elwood City	3.5103	--	--	0.3179%	--	--	--	3.4991
Prairie Township	1.4930	--	--	2.6930%	--	--	--	1.4528
Wildcat Township	1.6444	--	--	22.2123%	--	--	--	1.2791
Windfall Town	2.5059	--	--	2.0407%	--	--	--	2.4548

Notes: A *Taxing District* is a geographic area of a county where taxing units overlap, so the sum of the taxing unit tax rates is the total district rate.

The *Tax Rate* is the gross levy divided by net assessed value, in dollars per \$100 assessed value.

The *LOIT*, *COIT*, and *CEDIT* credits are funded by local income taxes.

The *Net Tax Rate for Homesteads* is calculated by reducing the tax rate by the various credit percentages.

Tipton County 2011 Circuit Breaker Cap Credits

Taxing Unit Name	Circuit Breaker Credits by Property Type					Circuit Breaker as % of Levy	
	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly	Total	Levy	
<i>Non-TIF Total</i>	133,231	476,065	167,175	31,724	808,195	14,574,588	5.5%
<i>TIF Total</i>	0	0	0	0	0	924,787	0.0%
<i>County Total</i>	133,231	476,065	167,175	31,724	808,195	15,499,375	5.2%
Tipton County	18,088	64,144	21,815	5,556	109,603	3,272,619	3.3%
Cicero Township	416	1,513	587	435	2,951	252,640	1.2%
Jefferson Township	51	91	0	51	193	53,315	0.4%
Liberty Township	63	154	0	47	263	65,770	0.4%
Madison Township	85	18	24	155	282	106,336	0.3%
Prairie Township	0	0	0	1	1	14,401	0.0%
Wildcat Township	83	705	0	68	855	110,309	0.8%
Elwood Civil City	1,102	1,036	1,357	0	3,495	14,525	24.1%
Tipton Civil City	68,131	247,537	96,077	12,519	424,264	2,864,521	14.8%
Kempton Civil Town	2,061	3,996	0	353	6,410	66,694	9.6%
Sharpsville Civil Town	2,318	6,266	0	103	8,687	141,373	6.1%
Windfall Civil Town	1,081	9,206	0	202	10,488	155,806	6.7%
Northern Community Schls Tipton County	3,513	15,386	0	1,259	20,158	2,424,818	0.8%
Tipton Community School Corp	31,070	107,681	41,081	9,389	189,221	4,096,205	4.6%
Tipton County Public Library	4,509	15,991	5,438	1,385	27,323	815,829	3.3%
Tipton County Solid Waste Mgt Dist	660	2,341	796	203	4,000	119,427	3.3%
TIF - US 31 & SR28 Area	0	0	0	0	0	924,787	0.0%

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local government units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

Circuit Breaker Credit Types:

Homesteads are owner-occupied primary residences and include homestead land and buildings in the 1% tax cap category. Owner-occupied mobile homes and agricultural homesteads are included in this category. This category only includes credits on the portion of the property that qualifies as a homestead.

Other Residential/Farmland includes small rental housing units, larger commercial apartments, second homes, long-term care facilities, and farmland, in the 2% tax cap category.

All Other Real/Personal is commercial, industrial, and utility land and buildings, and business equipment, including agricultural equipment, in the 3% tax cap category. This category also includes credits on the portion of homeowner properties that do not qualify as a homestead.

Elderly includes credits for the 2% annual limit on homestead tax bill increases for low-income homeowners, age 65 and over.

The *Total Levy by Unit* is gross property taxes levied, before all tax credits. For TIF districts, this amount represents the TIF proceeds before circuit breaker credits. This information is included to allow comparison to the circuit breaker revenue losses.

Numbers may not total due to rounding.